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CESA Comments on DSGS Revisions

Additional submitted attachment is included below.

March 22, 2024

California Energy Commission
Docket Unit
715 P Street
Sacramento, CA 95814
Submitted Electronically

**Docket 22-RENEW-01 - CESA Comments on the Demand Side Grid Support (DSGS)
Program Guidelines, Third Edition**

I. Introduction

The California Energy Storage Alliance (CESA) appreciates the opportunity to comment on the Demand Side Grid Support (DSGS) Program Guidelines, Third Edition (hereafter “guidelines”). CESA acknowledges the efforts of the California Energy Commission (CEC) to mitigate the risks California’s electric grid faces today and consider the different tools available for deployment over the coming years. CESA appreciates the hard work and collaboration of Energy Commission staff in developing the program.

CESA has no concern with the lion’s share of proposed modifications to the DSGS program, as reflected in the guidelines, apart from two concerns with Option 3 – pricing and revised dispatch requirements.

II. Comments

First, CESA previously commented that dual participation in Options 3 and 2 should be allowed.¹ CEC staff clarified at the March 12th workshop that such dual participation is allowed if using a gross load baseline. CESA appreciates the clarification in this regard made at the workshop and has no further comment on this issue.

Second, CESA appreciates the extension of the 30% adder for Option 3 projects to 2025. Even with the 30% adder, DSGS Option 3 capacity prices are far lower than market prices for resource adequacy capacity. CESA reiterates our recommendation here that the capacity prices for Option 3 be increased to more closely align with market prices for RA. The following table shows a comparison between DSGS capacity prices without the adder, with the 30% adder, and CESA’s proposed DSGS capacity prices.

Month	4-Hour			3-Hour			2-Hour		
	DSGS	30%	CESA	DSGS	30%	CESA	DSGS	30%	CESA
May	\$9	\$11.7	\$17.39	\$8.1	\$10.53	\$15.65	\$6.75	\$8.78	\$13.04
June	\$9.3	\$12.09	\$17.97	\$8.37	\$10.88	\$16.17	\$6.98	\$9.08	\$13.49
July	\$16.8	\$21.84	\$32.46	\$15.12	\$19.66	\$29.22	\$12.6	\$16.38	\$24.35
Aug	\$18	\$23.4	\$34.78	\$16.2	\$21.06	\$31.30	\$13.5	\$17.55	\$26.09
Sept	\$19.2	\$24.96	\$37.10	\$17.28	\$22.46	\$33.39	\$14.4	\$18.72	\$27.83
Oct	\$10.5	\$13.65	\$20.29	\$9.45	\$12.29	\$18.26	\$7.88	\$10.24	\$15.23
Season	\$82.8	\$107.64	\$160	\$74.52	\$96.88	\$144	\$62.1	\$80.73	\$120

Third, CESA recommends explicitly making behind the meter thermal energy storage (TES) systems eligible for DSGS Option 3. TES is consistent with the program goals as it enables customer load shifting and reduction in net energy load during extreme events as defined in Public Resources Code Section 25790.5[b]. The DEBA GFO eligibility was modified to include all types of energy storage including TES and a measurement methodology. CESA recommends that the same be adopted for DSGS.

Fourth and finally, CESA shares the concerns expressed at the workshop with respect to revisions to absolute triggers for Option 3². It appears that the guidelines propose to now require Option 3 resources to dispatch during all EEA events and when the LMP exceeds \$200/MWh. If that understanding is correct, then CESA has no concerns with the revisions to the triggers for Option 3. To require VPP resources to dispatch based on both day-ahead market prices and any EEA event called by 3 pm on the event day is excessive and will not be possible for some VPP aggregations. For BTM storage VPPs, fleet operators need some lead time to virtually reprogram customer systems to both ensure dispatch during the program hours and a seamless experience for the end use customer. This requires time, and day-ahead dispatch of any customer-sited technology is ideal. CESA urges the CEC to revert to the original day ahead dispatch based on market prices, thus ensuring this option truly market-informed. As a practical matter, CESA estimates that most if not all EEA events will be captured inherently with a day-ahead dispatch requirement of at least \$200/MWh.

Respectfully submitted,

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